Committee on Ways and Means

Extension of Preferences for Africa, Haiti, Andean Countries, and the Generalized System of Preferences; PNTR for Vietnam; and Miscellaneous Trade Bills

H.R. 6406 Summary

Generalized System of Preferences (GSP)

1. Extends GSP for two years, consistent with the President's budget request.
2. After a six-month delay, tightens rules on competitive need limit waivers to tailor the program for use by lesser developed countries that need help exporting to the United States. President is given discretion to end waivers on products that constitute 150 percent of the competitive need limit or 75 percent of U.S. imports of that product.

African Growth and Opportunity Act (AGOA)

1. Extends current provision allowing benefits for apparel made with fabric from third countries until 2012, with a 3.5 percent cap.
2. Provides an exception to the third country fabric benefit for apparel goods made from components that are in "abundant supply" in Africa. The purpose is to remove current disincentives for the investment in fabric production in Africa. In particular, denim is deemed to be in abundant supply because of known production in Lesotho.
3. Allows duty free treatment for lesser developed countries for certain textiles (non-apparel) of wholly made African fabric.

Haitian Hemispheric Opportunity through Partnership Encouragement ("HOPE") Act

1. Applies the same political, economic, and labor criteria, and the same textile and apparel transshipment requirements as the African Growth and Opportunity Act (AGOA).
2. In addition to current Caribbean Basin Initiative (CBI) benefits, provides new rules of origin for apparel:
   - 50 percent of the value of the finished product must be of U.S., Haitian, FTA, or preference program origin in years one through three; in year four, the percentage grows to 55 percent and in year five, to 60 percent; also allows the new test to be applied on an annual, aggregated basis.
   - Caps the amount of trade under the new test at 1 percent of U.S. apparel imports in year one, growing by 0.25 percentage points per year through year five.
   - Allows a "single transformation" rule of origin for bras, so that components can be sourced from anywhere as long as they are assembled in Haiti.

3. Provides a small tariff preference level (TPL) for woven apparel, of 50 million square meter equivalents (SMEs) in years one and two and 33.5 million SMEs in year three.

4. Liberalizes the rule of origin for wire harnesses, providing benefits if 50 percent of the value added is of U.S., Haitian, FTA, or preference program origin.

Andean Trade Preferences Extension Act

1. Grants a straightforward six-month extension for Peru, Colombia, Ecuador, and Bolivia, followed by an additional six-month extension for each country only if the United States and that country both complete their legislative process to approve a trade promotion agreement (the additional six months would be used to finalize implementation in the other country prior to entry into force of the agreement).

Permanent Normal Trade Relations (PNTR) for Vietnam

1. Grants permanent normal trade relations (PNTR) to Vietnam, thereby eliminating the annual evaluation of Vietnam's emigration practices under the Jackson-Vanik provisions.

2. Establishes a subsidies enforcement mechanism to ensure that the Administration acts quickly and decisively if Vietnam grants any prohibited subsidies to its textile and apparel industry in violation of the terms of its accession to the World Trade Organization (WTO).

Miscellaneous Trade and Technical Corrections Act (MTB)

The purpose of the bill is to amend the Harmonized Tariff Schedule (HTS) of the United States to modify certain rates of duty, to make technical amendments to trade laws, and for other purposes. For inclusion in the bill, a provision must have been vetted, raise no objection, and be administrable.

1. Suspends or reduces the tariff rate on more than 500 selected products. This reduction of tariff rates allows these products, many of which are niche chemicals and not available in the United States, to enter without being charged duty. Many of these provisions have already passed the House.

2. Corrects government errors. Occasional errors occur when the government assesses duties against importers. Such errors are routinely corrected through "reliquidations" of the entry. The bill corrects errors made for certain past entries.

Modifications to the Harmonized Tariff Schedule

1. Extends the current 15-day window to 30 days for implementation of changes to tariff lines in the Harmonized Tariff Schedule of the United States (HTSUS) to afford the private sector sufficient time to incorporate all of the changes in their computer systems and avoid costly, time-consuming errors to entries. These changes to the HTSUS are being made to conform to changes agreed upon in the World Customs Organization and have been subject to Congressional notification and layover.